Westpac Express

Past, Present, Future?

Senior Financial Management Seminar

April 2004

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“The Marine Corps has gained deep understanding of the HSV through Military Sealift Command Charter of MV Westpac Express for III Marine Expeditionary Force in Okinawa, Japan. This experience has demonstrated the military utility and tremendous potential of HSVs in a wide range of military operations.”

Agenda

- **Background/Current Contract**
- **Employment Data**
- **Next vessel/contract**

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Background/Current Contract

- 15 Feb 2002 MSC Time Charter Commenced
  - Panamanian flagged/primarily Swedish crew
- May 2002 III MEF sole charter for HSV
- 15 Sep 2003 re-flagged US-US crew
- 15 Feb 2005 Charter Expires (Three-Year Contract)

  (Can be extended to 15 August 2005 at current rate).

  - FY 04 Average Daily Cost (350 days):
    - Charter hire: $30,000
    - Fuel $7,573
    - Port $2,304
    - MSC Overhead $1,595

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Historical Data

FY	PAX	S/Ton CARGO	C-17 EQUIV	Cost C-17 Equiv*
2001	**4,779**	**2,787**	**62**	**$2.9M**
2002	**16,707**	**12,464**	**290**	**$14.6M**
2003	**18,700**	**13,643**	**488**	**$15.6M**

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Advantages

- **Scheduling**
  - **Minimal negative impact on training schedule**
  - **Flexibility**
- **Additional training equipment**
- **Maximizes lift $$**

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HSV Replacement

- **Austal Market Survey response**
  - **Next contract rate around $40K/day**
    - **$20K/day for vessel finance**
    - **$11K/day for crew, insurance and overhead**
    - **$9K/day for vessel maintenance**
  - **Number may be high-as only US flag HSV**
- **Recent determination – must be 1 year with four 1 year op**
  - **Vessels requiring re-flagging/major mods very expensive first**
    - **i.e. $1M re-flag adds $2,857 per day for 1 year**
  - **Delivery/redelivery expenses in first year**
  - **Owner finance costs higher**
- **MSC pursuing approval for working capital fund to cover of failure to declare option**
  - **Would permit contractor to offer 5 year evenly balanced rate**
- **Westpac Express replacement cost will be ~$50K/day ($17**

*Based on current vessel w/o any mods/re-flagging

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Summary

- **HSV proven to be an asset**
- **Cost of next contract/vessel significant impact on III MEF funding**

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Questions?

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Agenda

Back-up Slides

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Current Requirement

- Speed: 33 knots
- Minimum Range: 1,230 Nautical Miles
- Max Draft: 16 feet
- Passengers: 965
- Cargo: 300 tons
- Permanent brow (min 2,500 lbs capacity) for pax
- Forklift onboard (min 4,000 lbs lift capacity)
- Stern ramp (min 40,000 lbs capacity)
- Anchoring system capable of Med moor
- Trash compacting and stowage system onboard
- Truck tie downs (min 120,000 lbs capacity)

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Added Capabilities for Future

- Inmarsat Antenna
- Carry/Deploy/Recover Fenders
- Ro/Ro from the side (or articulated stern ramp)
- Overhead gantry crane in cargo deck
- Gray water treatment for 970 pax (5 days) or crew (2 weeks)
- Helo landing facility (need level and type of helo)
- Overnight accommodations for 100 pax (in addition to crew)
- Embarkation Office
- Additional showers, sinks and toilets for pax
- III MEF headquarters afloat workspace

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Austal Rates for Added Capabilities

Capability	5 Yr Charter	1 Yr Charter
Roof Antnenae	$7,600	$7,600
Fendering	$97,000	$102,000
Side Discharge	$2,550,000	$2,550,000
Gantry Crane	$63,000	$73,000
Gray Water	$53,000	$53,000
Sleeping spaces	$93,000	$93,000
Embarkation Office	$25,500	$28,000
Showers, sinks toilets	$154,000	$164,000
Headquarters Afloat	$143,000	$153,000
Total	$3,186,100	$3,223,600
Rate increase per day	$1,847	$9,210

Incat offer: $5.5M for added capabilities (with He

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Replacement Cost Estimates

	5 yr	1 yr				
	$40,000	$40,000			**Proposed**	
					–Charter cost	$40,000
Fuel	$7,573	$7,573			–Fuel	$7,573
Port	$2,304	$2,304			–Port	$2,304
MSC Overhead	$1,595	$1,595			–MSC Overhead	$1,595
					–Total/Day	$51,472
	$11,472	$11,472			x350 Days	
MODS	$1,821	$9,210			**Per Year**	**$18,015,200**
					Current	
helo	$2,000,000	$2,000,000			–Charter cost	$30,000
Pro rate/day	$1,143	$5,714			–Fuel	$7,573
					–Port	$2,304
					–MSC Overhead	$1,595
TOTAL/DAY	**$54,435**	**$66,396**			–Total/Day	$41,472
TOTAL/YEAR	**$19,052,420**	**$23,238,700**			x350 Days	
					Per Year	**$14,515,200**
REFLAGGING	**$20,052,420**	**$24,238,700**				
	(First year only)					
Roof Antenae	$7,600	$7,600				
Fendering	$97,000	$102,000				
Side Dsicharge	$2,550,000	$2,550,000				
GAntryCarne	$63,000	$73,000				
Gray Water	$53,000	$53,000				
Sleeping spaces	$93,000	$93,000				
Emb Office	$25,500	$28,000				
Shower	$154,000	$164,000				
HQ	$143,000	$153,000				
	$3,186,100	$3,223,600				
DAILY RATE	$1,821	$9,210				

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